



# PRESS RELEASE

## Internal Revenue Service - Criminal Investigation *Chief Richard Weber*

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IRS – Criminal Investigation

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### **Two Tennessee Residents Indicted for Conspiracy and Employment Tax Fraud**

*Impeded IRS Efforts to Collect and Failed to Pay Over \$2.8 Million in Payroll Taxes*

A federal grand jury sitting in Memphis, Tennessee returned an indictment on Nov. 10, which was unsealed yesterday, charging two Tennessee residents with conspiring to defraud the United States and failing to account for and pay over employment tax, announced Principal Deputy Assistant Attorney General Caroline D. Ciraolo, head of the Justice Department's Tax Division, and U.S. Attorney Edward L. Stanton III for the Western District of Tennessee.

Mark and Jayton Stinson were each arrested Tuesday and charged with one count of conspiring to defraud the United States and five counts of failing to truthfully account for and pay over payroll taxes. Mark Stinson was also charged with five counts of filing false tax returns, one count of theft of government funds, and one count of aggravated identity theft.

According to the indictment, from 2005 through 2015, the Stinsons operated a temporary staffing company that provided services to businesses in Tennessee and elsewhere. The staffing company's standard contract with its customers provided that the staffing company was responsible for withholding employment tax from its employees' wages and paying over the amounts withheld to the Internal Revenue Service (IRS).

It is alleged that the Stinsons failed to pay over \$2.8 million in employment tax to the IRS, failed to timely file employment tax returns and filed false employment tax returns. The indictment further alleges that despite having the same line of business and substantially the same customers, the Stinsons changed the name and structure of the company multiple times after accumulating employment tax liabilities, operating as Jayton Stinson Connex Staffing & Janitorial Service, Connexx Staffing Services LLC, Connexx Staffing Services Inc. and Complete Employment Agency.

The Stinsons are also alleged to have conspired to impede IRS collection efforts of the company's payroll tax liabilities. For example, the Stinsons are alleged to have made false representations to the IRS about their control of the staffing company and their knowledge of their responsibility to truthfully account for and pay over the employment taxes, placed the staffing company in the names of nominees who did not have control over the business operations, and established payment arrangements intended to impede an IRS levy placed on

their customer payments. It is further alleged that the Stinsons used the withheld funds to pay for personal expenses, including a Mercedes-Benz, a Cadillac Escalade, mortgage payments and private school tuition for their children.

If convicted, the Stinsons face a statutory maximum sentence of five years in prison for the conspiracy count and for each count of failing to pay over employment taxes. Mark Stinson also faces a statutory maximum sentence of three years in prison for each false return count, 10 years in prison for theft of government funds and a mandatory sentence of two years in prison for the aggravated identity theft charge, which will be in addition to any other term of imprisonment he receives. Both defendants also face a period of supervised release and monetary penalties.

Principal Deputy Assistant Attorney General Ciraolo and U.S. Attorney Stanton commended special agents of IRS-Criminal Investigation, who conducted the investigation, and Assistant U.S. Attorney Damon Griffin and Trial Attorney Nathan Brooks of the Tax Division, who are prosecuting the case.

An indictment merely alleges that crimes have been committed. Defendants are presumed innocent until proven guilty beyond a reasonable doubt.

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